



COUNCIL SUBCOMMITTEE ON ECONOMIC DEVELOPMENT

APPROVED SUMMARIZED MINUTES

Thursday, April 14, 2016

4:00 p.m.

Kiva Conference Room

3939 N. Drinkwater Blvd, Scottsdale, AZ 85251

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- PRESENT:** Mayor W.J. "Jim" Lane
Vice Mayor David Smith
Councilmember Linda Milhaven
- STAFF:** Danielle Casey, Economic Development Director
Karen Churchard, Tourism Director
Jeff Nichols, City Treasurer
- GUESTS:** Chris Camacho, President and CEO of the Greater Phoenix
Economic Council

Call to Order/Roll Call

Mayor Lane called the regular meeting of the Council Subcommittee on Economic Development to order at 4:10 p.m. A formal roll call confirmed members present as stated above, noting the presence of a quorum.

1. Approval of March 24, 2016 Minutes

VICE MAYOR SMITH MOVED TO APPROVE THE MINUTES OF THE MARCH 24, 2016 MEETING AS PRESENTED. COUNCILWOMAN MILHAVEN SECONDED. THE MOTION CARRIED BY A VOTE OF THREE (3) TO ZERO (0).

2. High Impact Districts

Chris Camacho, President & CEO of the Greater Phoenix Economic Council (GPEC), provided an overview of GPEC's research on high impact districts and explained how that concept could potentially apply to the McDowell Corridor in a manner consistent with the Scottsdale Economic Development Plan. High Impact Districts (HID) are part of a new urban concept. Innovation districts combine economic, physical and networking assets with a supportive, risk-taking culture to create an innovation ecosystem that facilitates idea generation and accelerates commercialization. Incidental connectivity occurs when similar industries with similar intents have opportunities to cross into each other and create new commercialization of ideas over time.

Innovation districts typically come in three different models:

- **Anchor Plus** - Primarily found in the downtowns and mid-towns of central cities. Large scale mixed-use development is centered around major anchor institutions and a rich base of related firms, entrepreneurs and spin-off companies involved in the commercialization of innovation.

- Re-imagined Urban Areas - Often found near or along historic waterfronts in areas where industrial or warehouse districts are undergoing a physical and economic transformation. This change is powered in part by transit access, a historic building stock, and their proximity to downtowns in high rent cities, which is then supplemented with advanced research institutions and anchor companies.
- Urbanized Science Parks - commonly found in suburban and exurban areas. Traditionally isolated, sprawling areas of innovation are urbanized through increased density and an infusion of new activities that are mixed, as opposed to separated.

Mr. Camacho said the millennial generation is interested in places that feature density, walkability, diversity and inclusion, arts and culture, and livability. Former warehouse districts in Columbus, Detroit and Cleveland are being renewed for more innovative companies. The Cortex District in St. Louis is an example of the anchor plus model, centered around Washington University, but also connected to St. Louis University.

South Lake Union in Seattle is a good example of a public/private partnership creating a walkable, mixed use development anchored around the University of Washington and investments in the biomedical sector. By moving in-market companies to a similarly dense location like this, it is easier to attract other companies that fit into the knowledge corridor.

Mr. Camacho said GPEC is working with member cities to identify what their key characteristics are and how it aligns with U.S. strategic plans. Scottsdale already has several existing corridors. The Maricopa Association of Governments (MAG) is constantly analyzing corridors throughout the region. GPEC has no intent to displace community planning models. This effort is about looking at brand position and strategic investments to build out innovation intensive corridors.

Mayor Lane inquired about Scottsdale possibly becoming a testbed for autonomous vehicles. Mr. Camacho responded that the majority of companies in this industry are in San Francisco and GPEC is talking with a number of them.

Mr. Camacho said much of the available retail space in the Valley is antiquated and not producing significant tax roll benefits. There is a national trend where suburban companies are moving back into urban centers. This will change the development cycle in different ways. There are not many pieces of vacant land in good locations that can be repurposed for innovation the way the McDowell Corridor can.

Mr. Camacho explained that GPEC is prepared to provide information on the key ingredients of successful high impact districts, and is asking cities to analyze their strategic corridors and discuss their policy planning. He said he would like to see the region develop ten different well-defined innovation technology corridors over the next couple of decades that GPEC could then promote in context.

Vice Mayor Smith noted that in many of the examples provided, the galvanizing force was private investment. He inquired what role the City would best play. Mr. Camacho responded that in many instances, cities generally serve as the conveners that bring together innovation-centered private and public entities and help build an intentional plan between parties. Scottsdale has a number of companies that could participate and help lead many of these corridors. A region has to first have a certain density of companies before being able to brand a geographic location. In addition to branding, the planning has to be intentional with appropriate horizontal infrastructure. These are long-term strategies that can take many years to come to fruition. The branding usually comes once some momentum has been built up.

In response to an inquiry from Councilwoman Milhaven, Mr. Camacho explained that culture in the context of corridors is about the lineage of traditional cultural elements in the market. It includes physical art and location identifiers. Many cities have notable and iconic physical locations for their arts scenes, but the Valley has disparate locations where such activity occurs. Mobility is also an important component to these corridors. It is less about the mechanism and more about connecting people in and out of the submarket with ease.

3. Downtown Feasibility Study

Danielle Casey, Economic Development Director, explained that Tourism is leading the Downtown Feasibility Study, but any City department that touches on downtown is involved in it. Karen Churchard, Tourism Department Director, said the study will be referred to as Downtown Scottsdale 2.0. The City secured the services of CSL International and their subcontractor Populous. Both companies have strong track records regarding tourism-related events in the U.S. and around the world. They have done work in the Valley, but not in Scottsdale specifically. Ms. Casey noted that the bids were reviewed by a multi-department panel to ensure that the team chosen is best positioned to meet the goals laid out and approved by the Task Force.

Ms. Churchard screened a video explaining the feasibility study. The Scottsdale Gallery Association and Merchants Association are open to a long-term process, but also want to see more immediate solutions to pressing issues. Money is being budgeted this year to address some of the short-term problems, like fixing benches and planting flowers on Main Street. Ms. Casey said the feasibility study was identified as a first year goal of the Tourism Marketing Strategic Plan, though the process has taken longer than expected. The goals are to establish a vision for downtown Scottsdale that incorporates as broad a consensus as possible from all stakeholders, to determine the costs involved, and to identify the various mechanisms that could be used to pay for it.

Vice Mayor Smith said the merchants and galleries are concerned with the pace of progress in downtown. They also wonder whether the intent is to revitalize what Scottsdale already has, or to reinvent it from scratch. They are looking for assurances that Scottsdale is trying to preserve and amplify the assets it already has. The stated goals of economic development and job creation suggest to them that it is about something else.

Councilwoman Milhaven said the buildings in downtown Scottsdale are probably beyond their useful life. They are not commanding compelling rents and the vacancy rates are high. To justify reinvestment in those properties in order to make them more useful while still maintaining the character of the area, it becomes a matter of attracting more people downtown by encouraging businesses that the visitors of tomorrow will demand. As a tourist destination, downtown is quickly losing its luster.

Ms. Churchard said conversations with concierges regarding downtown turned out very different than expected. They still recommend the area to resort guests because of its uniqueness, though they recommend that more western-themed activities be featured on a regular basis.

Mayor Lane felt that market demands are a valid concern for the City to contemplate during the analysis, even if some of the resulting answers might be frightening to existing stakeholders. Another consideration should be how other destinations are achieving success. While the City is not in the business of rebuilding downtown buildings, it can change the dynamics of the area and what is encouraged to be there.

Ms. Casey stated that the new consultants have not been hired to do the same research that has already been done well. They are being asked to use the previous reports to create several scenarios that the community could then react to. Mayor Lane noted that downtown is comprised of several different districts and a one-size-fits-all approach might not be the best.

4. Tourism Department Update

Ms. Churchard reported that staff is hard at work getting the new Events Ordinance in place by July 1. A part-time staffer has been authorized to help build a database of downtown property owners and businesses so that notifications can go out in a timely fashion. A holiday event is in the planning stages. February already has many Western-oriented events, but they will now be marketed more prominently under a unified theme.

Ms. Churchard said Parada del Sol volunteers are paying out of their own pockets to keep that event going. It is being moved to February 11, the day after Hashknife Pony Express. Suggestions have been made that the City take over the event, and the organizing committee is interested in the idea. Mayor Lane expressed doubt that the event could last if the City does not take it over. Vice Mayor Smith stated that if it becomes necessary, he would prefer that the City take it over to preserve its tradition. It has been an important part of Scottsdale for so long.

Vice Mayor Smith inquired whether the City is proactively seeking out new events rather than passively waiting for them. Ms. Churchard said if Scottsdale wants to create unique and different events they will have to be developed organically. The TDC wants to use bed tax funds to hire somebody to work full-time in event attraction, but gift clause related issues have to be considered. If the City was to hire someone to produce its own event, then the gift clause would no longer be an issue.

Councilwoman Milhaven noted that if the City provides seed money to an event that grows to be a success, another city could draw them away and Scottsdale would not be able to do anything about it. A city-owned event cannot be stolen away.

Mayor Lane felt that in certain applications, city-owned events can be a good way to go, but the costs have to be considered. The amount of bed tax money that the City provides to events is already substantial.

5. Economic Development Department Report

Danielle Casey reported that the Connect to Tech Speaker Series begins at Eureka Loft Scottsdale on April 18. The series invites leaders in the tech industry to speak. It will run every Monday night until June.

Mayor Lane said he will be issuing a proclamation during Economic Development Week, which runs May 8 through 14.

A new tool makes all commercial real estate listings in the city searchable. Anyone can now see what properties are available, and learn about lease rates, contacts, and the community. The tool will also layer in data that is not available in commercial real estate databases, such as labor force, demographic, consumer spending, wages, businesses, and graduating talent pools in the area. It can be found at www.ScottsdaleSites.com or through the economic development website at www.ChooseScottsdale.com.

Ms. Casey said the downtown parking outreach effort is in full swing. Nearly 140 survey responses have been filled out by stakeholders. The results have been very good. If the City is to invest in downtown parking, it is essential that downtown businesses participate and share their concerns.

Economic Development is partnering with the Thunderbird School of Global Management which is establishing benchmarks and recommendations for increasing lead generation efforts in target industries. Results will be available at the end of the month.

6. Open Call to the Public (A.R.S. §38-431.02)

There were no public comments.

7. Future Agenda Items

None.

Adjournment

With no further business before the Subcommittee, the meeting adjourned at 5:47 p.m.

Respectfully submitted,
A/V Tronics, Inc. DBA AVTranz.